

## MEMORANDUM

To: CBST Membership  
From: Michael Wormke, Treasurer  
Date: November 13, 2018  
Subject: 2019 Proposed Budget (Jan. 1 thru Dec. 31, 2019)

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I am pleased to present the 2019 Proposed Budget for your review. There are three sub-budgets:

1. **Operating sub-budget:** Revenues include membership, contributions, program fees and space use. Expenses include personnel, outside services (bookkeeping, security, and IT support), and building and office operations. In addition, this sub-budget reflects approx. \$37K of improvements to the synagogue premises not covered by the Home of Our Own Capital Campaign (audio/visual equipment).

The proposed Budget is balanced at \$3.158K, representing a conservative 2% increase over the 2018 Year End Projection.

2. **Home of Our Own Capital Campaign sub-budget:** This sub-budget reflects the projected revenues from pledges as well as additional fundraising needed to address remaining principal and interest expense on outstanding debt obligations. As well, this sub-budget reflects improvements to the premises that were in the original plans for 130 W 30<sup>th</sup> St. but were postponed until sufficient funds could be raised.

\$67K of revenue and \$40K of expenses are projected for 2019. We anticipate new commitments as there are still dedication opportunities throughout the synagogue. A new opportunity is the dedication of the Pride Flags in the Sheffer Family Lobby (three of the four flags are available). Expenses are comprised of interest expense and credit card processing fees levied on pledge payments. Approximately \$46K is budgeted for premises improvements, including a new memorial board in the Kuriel Chapel as we have reached full capacity.

3. **Reserves sub-budgets:** During 2018, the CBST Board of Directors established two reserve funds: the Operating Reserve, to support day-to-day operations in the event of unforeseen shortfalls, and the Capital Reserve, to preserve and enhance the synagogue premises.

To launch the Operating Reserve, \$15K is budgeted to be transferred from the Operating Fund in 2018 and \$25K in 2019. In addition, undesignated bequests will be placed into this reserve. There are no planned expenses for 2019.

To launch the Capital Reserve, contributions will be welcome at all levels; donors at \$5,000 or more will be acknowledged in the upcoming Yom Kippur Booklet; and donors of \$18,000 or more may dedicate a bench in the Wine Family Sanctuary. Expenses in 2019 will include dedication inscriptions, credit card fees levied on contribution payments, and may include unbudgeted expenses of Capital projects.

The Board recommends that the voting Members approve the 2019 Proposed Budget in its entirety.

## **Home of Our Own Capital Campaign Update**

The remarkable long-standing dream of a Home of Our Own became a reality with the dedication in April 2016. The total project cost is over \$24M, including site acquisition, soft costs (architectural, consultants, borrowing, fees, etc.), and construction. In December 2017, with a \$2.57M mortgage balance (and well over \$2M yet to be raised), the “Bringing Vision to Life” event celebrating Rabbi Kleinbaum’s 25<sup>th</sup> anniversary at CBST raised \$2.3M – a tribute to Rabbi Kleinbaum’s leadership and the generous commitment of CBST members and donors in the broader community. As of October 31, 2018, with new gifts and pledge fulfillments received during 2018, the principal debt balance has been reduced from \$2.59M to \$1.43M (a reduction of \$1.16M from the prior year’s balance). In order to pay the remaining principal and interest owed on the debt, an additional \$310K needs to be raised for the Capital Campaign by December 31, 2024. There are a number of dedication opportunities still available throughout the synagogue.

## **2018 Operating Fund Year End Projection**

As the current fiscal year draws to a close on December 31, 2018, I am pleased to report that we anticipate ending the year with sufficient revenue to cover our expenses, including a \$15K transfer from Operating to the new Operating Reserve Fund, and approx. \$14K which has been designated for several fixed asset improvements not covered by the Capital Campaign. High Holy Days contributions in 2018 are projected to be short of the 2018 Budget; however, we note that approx. \$40K that was committed in response to the Appeals and designated by donors for Social Justice, Music, and Jewish Learning, is included in the Contributions revenue line. We are delighted to report that Membership revenue already exceeds expectations for 2018 and is conservatively increased in the 2019 budget.

## **Security Services**

In light of recent events, the CBST Board of Directors is currently reviewing our security needs. The 2019 budget may need to be amended in order to cover additional security related expenses throughout 2019.

## **Looking Ahead**

Thank you for your continued support and generous giving to CBST and our community for our operating and capital needs. Efforts continue to collect outstanding High Holy Days pledges, membership, and Home of Our Own Capital Campaign pledges, and to raise additional Home of Our Own Capital Campaign funds. Thank you for your response to these efforts.

Congregation Beit Simchat Torah  
Proposed 2019 Operating Budget vs. 2018 Year End Projection

	2017	2018			2019				
	A	B	C	D	E	F	G	H	
	Year End Actual	Approved Budget	Year End Projection	Variance: Projection vs. Budget	Proposed Budget (Jan-Dec)	% of Total	Incr (Decr) vs. 2018 Year End Projection	% Incr(Decr) vs. 2018 Year End Projection	2019 Budget Notes
				(C-B)			(E-C)	(G/C)	
<u>Revenue</u>									
Membership	828,903	850,000	905,048	55,048	915,000	29%	9,952	1%	1
Contributions	918,248	793,100	899,722	106,622	953,722	30%	54,000	6%	2
High Holy Days Contributions	702,416	835,000	707,116	(127,884)	751,000	24%	43,884	6%	3
Sponsorships	49,578	44,826	60,154	15,328	58,500	2%	(1,654)	-3%	4
Grants	181,087	60,000	183,568	123,568	96,400	3%	(87,168)	-47%	5
Bequests	31,027	5,000	-	(5,000)	25,000	1%	25,000		
Tuition & Program Fees	140,262	170,700	159,310	(11,390)	210,750	7%	51,440	32%	6
Space Use Income	68,785	81,000	50,188	(30,812)	57,000	2%	6,812	14%	7
Other Income	15,706	21,574	18,555	(3,019)	21,400	1%	2,845	15%	8
Release from (Add to) Restriction (net)	(305,704)	40,000	106,651	66,651	69,170	2%	(37,481)	-35%	9
Total Revenue	2,630,308	2,901,200	3,090,312	189,112	3,157,942	100%	67,630	2%	
<u>Expenses</u>									
Payroll & Benefits	1,662,200	1,841,461	1,911,326	69,865	2,032,423	65%	121,097	6%	10
Consulting & Professional Fees	260,381	294,991	379,650	84,659	360,810	12%	(18,840)	-5%	11
Consumables	196,643	127,715	119,761	(7,954)	125,698	4%	5,937	5%	12
Premises	278,214	292,109	270,900	(21,209)	270,052	9%	(849)	0%	13
Office Expense	112,169	151,727	170,745	19,018	162,510	5%	(8,235)	-5%	14
Other Operating Expense	88,117	193,198	208,794	15,596	181,450	6%	(27,344)	-13%	15
Total Expenses	2,597,723	2,901,200	3,061,176	159,976	3,132,942	100%	71,767	2%	
Surplus (Deficit) before Depreciation	32,585	0	29,136	29,136	25,000		(4,137)	>100%	
Transfer to Operating Reserve Fund	-	-	15,136	15,136	25,000		9,864	65%	16
Revised Surplus (Deficit) before Depr.	32,585	0	14,000	14,000	(0)		(14,000)	-100%	

## **Notes to the Proposed 2019 Operating Budget vs. 2018 Year End Projection**

### **Revenue**

**Note 1: Membership** revenue represents approximately 29% of CBST's operating revenue. In reviewing membership income trends, we observed a steady growth during the past two years (13.5% in 2017 and 10% in 2018). The projected 1% increase in membership revenue for 2019 is expected to be realized as new members continue to be drawn to CBST's new central location and bold social justice initiatives. Membership lapses have been significantly reduced through the automatic monthly Continuing Membership program, with subscriptions for approx. half our members, and accounting for approximately 1/3 of annual membership revenue.

Our long-standing, sliding scale, Fair Share system relies on each member's self-assessment. Those who contribute at higher levels ensure that membership will always be accessible to all who wish to be part of CBST.

**Note 2: Contributions** represent 30% of operating revenue and are projected to increase by \$54K (6%). 40% of the \$954K in projected contributions is already committed and primarily pertains to multi-year funding commitments for the naming of the Cantorial position, expansion of the Limmud program, and Cooperberg Rittmaster Rabbinical Internship program sponsorship. The increase is projected to meet the budgeted Scholar-in-Residence for Trans & Queer Jewish Studies program that began in April 2018.

**Note 3: High Holy Days Contributions** represent 24% of operating revenue. This revenue is a vital source of funds that enables CBST to maintain its Open Door policy, sustain our clergy, staff, facility, and program expenses for the High Holy Days and throughout the year. In addition, in response to the Appeals, approx. \$40K was committed in 2018, designated by donors for Social Justice, Music, and Jewish Learning and is included in the Contributions revenue line. In 2019, the Board is committed to strengthening connections to prospective and current donors to meet a proposed 6% increase and reach a target of \$751K.

**Note 4: Sponsorships** include Shabbat Oneg/Kiddush, Flowers, Livestreaming, etc. and Pride month sponsorships. A slight decrease from 2018 is due to a fewer B'nai Mitzvah in the coming year.

**Note 5: Grants** - CBST actively continues to pursue new grant funding. During 2018, CBST was awarded a non-budgeted \$117K grant from the NYC City Council to fund our "Talk to Me About HIV" program for the 2<sup>nd</sup> year in a row. We are also grateful for grants from UJA Federation of New York, Atran Foundation, The Moriah Fund, H. van Ameringen Foundation, and the Jewish Education Project.

**Note 6: Tuition & Program Fees** includes Adult and Families with Children educational programs, annual retreat fees, Passover Seder, Shabbat dinners, and various other event registration fees. The projected increase over 2018 is primarily comprised of \$42K in registration fees for the Etgar trip to the South that will be held in March 2019.

**Note 7: Space Use Revenue** is derived from fees charged to individuals and organizations for non-CBST event: private life cycle events, meetings, parties, concerts, and other such events. With ongoing efforts to promote our unique space, we anticipate a slight increase in revenues from this funding source.

**Note 8: Other income** is primarily derived from interment rights at the CBST Cemetery sale of books, t-shirts and other gift-shop items, and from interest income. Projected increase is due to increased effort to promote the CBST Cemetery and a proposed plot fee increase.

**Note 9: Release/Restriction from Designated Funds** - Contributions/grants designated by the donor or by the Board for a specific purpose are released into the Operating Fund when applicable expenses are incurred. During 2019, we project a net release of \$69K comprised of \$139K in funding for Limmud, social justice programs, and scholar-in-residence sponsorship offset by \$70K placed into restriction for use in 2020.

## **Expenses**

**Note 10: Payroll & Benefits** for CBST's clergy and staff represent 65% of operating expenses. The \$121K increase is comprised of (a) full year costs for new positions that began during 2018 in the Social Justice, Education, Development, and Administration functions; and (b) contractual and non-contractual salary increases and employee benefit cost increases.

**Note 11: Consulting & Professional Fees** include security guard services, bookkeeper, guest musicians, CPA auditors, IT administrators, audio technicians, and temporary help. Decrease in 2019 is primarily due to professional services associated with the 2018 "Talk to Me About HIV" project which will not recur in 2019, and the anticipated shift from consulting services to in-house staffing.

**Note 12: Consumables** include food & beverage, supplies and flowers. The slight increase in 2019 over 2018 is primarily due to additional food and beverage for expanded programs and anticipated cost increases.

**Note 13: Premise Expenses** include costs associated with maintaining CBST's home: Condo Association Fee, HVAC and other maintenance service contracts, utility expenses, repair and maintenance costs, and rental of space for High Holy Days and Pride services.

**Note 14: Office Expense** includes printing, postage, computer, telephone & internet service, commercial insurance, dues & subscriptions, and bank charges. The slight decrease is due to significant printing costs associated with the 2018 "Talk to Me About HIV" project that will not recur in 2019.

**Note 15: Other Operating Expense** includes transportation, meals, lodging, advertising & marketing, education and program scholarships and subsidies, as well as a \$15K operating contingency. The \$27K decrease in 2019 is primarily due to a one-time, realized loss on the sale of securities recognized during 2018.

**Note 16: Transfer to Operating Reserve Fund** – In 2018, the Board of Directors established an Operating Reserve Fund to support day-to-day operations in the event of unforeseen shortfalls. To launch the Operating Reserve, \$25K is budgeted for transfer from the Operating Fund. In 2019, by Board resolution, all undesignated bequests will be placed into this Reserve.